2013 DRAFTING REQUEST

Bill

Received:	**12/6/2012**	Received By:	**mshovers**
Wanted:	**As time permits**	Same as LRB:	
For:	**Administration-Budget 6-1923**	By/Representing:	**Quinn**
May Contact:		Drafter:	**mshovers**
Subject:	**Tax, Individual - income**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to:

Pre Topic:

DOA:......Quinn, BB0292 -

Topic:

Reduce individual income tax rates

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers 12/7/2012			_______ _______			
/P1	mshovers 1/14/2013	scalvin 12/10/2012	jmurphy 12/11/2012	_______ _______	lparisi 12/11/2012		State
/P2	mshovers 1/15/2013	scalvin 1/14/2013	phenry 1/15/2013	_______ _______	sbasford 1/15/2013		State
/P3	mshovers	scalvin	rschluet	_______	mbarman		State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
	1/28/2013	1/15/2013	1/15/2013	_______	1/15/2013		
/P4	mshovers 1/29/2013	scalvin 1/28/2013	rschluet 1/28/2013	_______ _______	mbarman 1/28/2013		State
/P5		scalvin 1/29/2013	jfrantze 1/29/2013	_______ _______	mbarman 1/29/2013		State

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/P4 1/27/13 /P4 sac 01/28/2013 1/28 jm

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Pre Topic:

DOA:......Quinn, BB0292 -

Topic:

Reduce individual income tax rates, increase the personal exemption, reduce standard deduction phase -out rates

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers 12/7/2012						
/P1	mshovers 1/14/2013	scalvin 12/10/2012	jmurphy 12/11/2012		lparisi 12/11/2012		State
/P2		scalvin 1/14/2013	phenry 1/15/2013		sbasford 1/15/2013		State

/P3 MES 1/15/13

/P3 sac
01/15/13

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/P2	MES 1/14/13				/P2 sac 01/14/13		

FE Sent For:

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See attached

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers	/P1 sac 12/07/12	/P1 sac 12/10/12				

/P1 MES 12/7/12

FE Sent For:

<END>

Shovers, Marc

From: Hanaman, Cathlene
Sent: Thursday, December 06, 2012 8:59 AM
To: Shovers, Marc; Kreye, Joseph
Subject: FW: Statutory Language Drafting Request - BB0292

From: brian.quinn@wisconsin.gov [mailto:brian.quinn@wisconsin.gov]
Sent: Wednesday, December 05, 2012 5:26 PM
To: Hanaman, Cathlene
Cc: Frederick, Caitlin - DOA; Quinn, Brian D - DOA; Thornton, Scott - DOA
Subject: Statutory Language Drafting Request - BB0292

Biennial Budget: 2013-15

DOA Tracking Code: BB0292

Topic: Individual Income Tax Reductions

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: DOR

Agency Number: 566

Priority: High

Intent:

<u>For Tax Year 2013</u>

Reduce marginal rates in the following way:
4.6% rate to 4.5%
6.15% to 5.95%
6.5% to 6.45%

6.75
7.75 stays the same

D-note
created p. 71.05 (23)(be) is subd. 3. OK?

<u>For Tax Year 2014</u>
Keep marginal rates at their new reduced tax year 2013 levels.

Increase the personal exemption from $700 to $1,000.

Reduce the phase-out rates of the standard deduction to the following percentages by filing class:

Single - From 12.0% to 10.20%
Married Joint - From 19.778% to 16.811%
Married Separately - From 19.778% to 16.811%
Head of Household - First phase from 22.515% to 19.138% and second phase from 12.0% to 10.20%

D-note

Note: This will serve as a placeholder and will likely be subject to multiple revisions.

State of Wisconsin
2013 - 2014 LEGISLATURE

LRB-0747/P1
MES...
R MR

DOA:......Quinn, BB0292 – Reduce individual income tax rates, increase the personal exemption, reduce standard deduction phase–out rates

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

Do Not gen

AN ACT ...; **relating to:** reducing the individual income tax rates, increasing the personal exemption, and reducing the standard deduction phase out rate.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, there are five income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; the rate for the fourth bracket is 6.75 percent; and the rate for the highest bracket is 7.75 percent.

With regard to taxable year 2012, for single individuals, certain fiduciaries, and heads of households, for example, the lowest bracket applies to taxable income of over $0 up to $10,570; the second bracket applies to taxable income over $10,570 up to $20,360; the third bracket applies to taxable income over $20,360 up to $158,500; the fourth bracket applies to taxable income over $158,500 up to $232,660; and the fifth, or top, bracket applies to taxable income over $232,660.

For taxable years beginning after December 31, 2012, this bill lowers the rate of taxation in each in each of the first three brackets; the rates in the top two brackets remain unchanged. Under the bill, the tax rate in the lowest bracket is reduced from 4.60 percent to 4.50 percent; the rate in the next higher bracket is reduced from 6.15 percent to 5.95 percent; the rate in the next higher bracket is reduced from 6.5 percent to 6.45 percent. The brackets will continue to be indexed for inflation as is the case under current law.

Under current law, an individual income tax personal exemption exists in the amount of $700 for each taxpayer who is required to file an income tax return and $700 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household. A taxpayer may also claim a $700 exemption for each dependent for whom he or she is entitled to claim an exemption under the Internal Revenue Code. In general, an additional exemption of $250 may be claimed by a taxpayer, and spouse, who has reached the age of 65 before the close of the taxable year to which his or her tax return relates.

For taxable years beginning after December 31, 2013, this bill increases the personal exemption to $1,000 for each taxpayer who is required to file an income tax return and $1,000 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household. A taxpayer may also claim a $1,000 exemption for each dependent for whom he or she is entitled to claim an exemption under the Internal Revenue Code. The additional exemption amount, for taxpayers who reach the age of 65, remains unchanged.

Also under current law, the standard income tax deduction has 4 different categories, each of which has a different deduction amount based on income. The categories are based on filing status: single, head of household, married filing jointly, and married filing separately. The maximum standard deduction amounts in each category phase out as income increases, at various phase out rate percentages. This bill reduces the phase out percentages in each category. Under the bill, for taxable years beginning after December 31, 2013, for each category the phase out rate percentages change as follows: For single individuals, from 12 percent to 10.20 percent; for heads of household, from 22.515 percent to 19.138 percent; for married couple filing jointly, from 19.778 percent to 16.811 percent; for married couples filing separately, from 19.778 percent to 16.811 percent.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INS 2-1

~~**Section 1.** 71.05 (22) (dp) (title) of the statutes is amended to read:~~

71.05 **(22)** (dp) (title) *~~Deduction limits, 2000 and thereafter~~ to 2013.*

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).

Section 2. 71.05 (22) (dq) of the statutes is created to read:

71.05 **(22)** (dq) *Deduction limits, 2014 and thereafter.* Except as provided in par. (f), for taxable years beginning after December 31, 2013, the Wisconsin standard deduction is whichever of the following amounts is appropriate. For a single individual who has a Wisconsin adjusted gross income of less than $10,380, the standard deduction is $7,200. For a single individual who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $7,200 10.2 percent of Wisconsin adjusted gross income in excess of $10,380 but not less than $0. For a head of household who has a Wisconsin adjusted gross income of less than $10,380, the standard deduction is $9,300. For a head of household who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $9,300 19.138 percent of Wisconsin adjusted gross income in excess of $10,380, but not less than $0, until the adjusted gross income amount at which the standard deduction is equal to the standard deduction for a single individual at the same adjusted gross income amount. For a head of household who has a Wisconsin adjusted gross income of more than this amount, the standard deduction shall be calculated as if the head of household were a single individual. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of less than $14,570, the standard deduction is $12,970. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of at least $14,570, the standard deduction is the amount obtained by subtracting from $12,970 16.811 percent of aggregate Wisconsin adjusted gross income in excess of $14,570 but not less than $0. For a married individual filing separately who has a Wisconsin adjusted gross income of less than $6,920, the standard deduction is $6,160. For a married individual filing separately who has a Wisconsin adjusted gross income of at least $6,920, the standard deduction is the amount obtained by subtracting from $6,160 16.811 percent of Wisconsin adjusted gross income in excess of $6,920 but not less than $0. The secretary of revenue shall prepare a table under which deductions under this paragraph shall be determined. That table shall be published in the department's instructional booklets.

SECTION 3. 71.05 (22) (dt) of the statutes is amended to read:

71.05 **(22)** (dt) *Standard deduction indexing, 2001 and thereafter.* For taxable years beginning after December 31, 2000, the dollar amounts of the standard deduction that is allowable under par. (dp) <u>or (dq)</u> and all of the dollar amounts of Wisconsin adjusted gross income under par. (dp) <u>or (dq)</u> shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2011, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

INS 4-22

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).

SECTION 4. 71.05 (23) (b) (intro.) of the statutes is amended to read:

71.05 **(23)** (b) (intro.) For taxable years that begin after December 31, 2000, and before January 1, 2014:

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).

SECTION 5. 71.05 (23) (be) of the statutes is created to read:

that

71.05 **(23)** (be) For taxable years beginning after December 31, 2013:

1. A personal exemption of $1,000 if the taxpayer is required to file a return under s. 71.03 (2) (a) 1. or 2. and $1,000 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household.

2. An exemption of $1,000 for each individual for whom the taxpayer is entitled to an exemption for the taxable year under section 151 (c) of the Internal Revenue Code.

3. An additional exemption of $250 if the taxpayer has reached the age of 65 before the close of the taxable year to which his or her tax return relates and $250 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the taxable year to which his or her tax return relates, except if the spouse is filing separately or as a head of household.

INS 5-15

SECTION 6. 71.06 (1p) (intro.) of the statutes is amended to read:

2001

71.06 **(1p)** FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; ~~AFTER 2000~~ TO 2012. (intro.) The tax to be assessed, levied and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2000, and before January 1, 2013:

SECTION 7. 71.06 (1q) of the statutes is created to read:

71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER 2012. (intro.) The tax to be assessed, levied, and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2012:

(a) On all taxable income from $0 to $7,500, 4.5 percent.

(b) On all taxable income exceeding $7,500 but not exceeding $15,000, 5.95 percent.

(c) On all taxable income exceeding $15,000 but not exceeding $112,500, 6.45 percent.

(d) On all taxable income exceeding $112,500 but not exceeding $225,000, 6.75 percent.

(e) On all taxable income exceeding $225,000, ~~6~~7.75 percent.

SECTION 8. 71.06 (2) (g) (intro.) of the statutes is amended to read:

71.06 **(2)** (g) (intro.) For joint returns, for taxable years beginning after December 31, 2000, and before January 1, 2013:

SECTION 9. 71.06 (2) (h) (intro.) of the statutes is amended to read:

71.06 **(2)** (h) (intro.) For married persons filing separately, for taxable years beginning after December 31, 2000, and before January 1, 2013:

SECTION 10. 71.06 (2) (i) of the statutes is created to read:

71.06 **(2)** (i) For joint returns, for taxable years beginning after December 31, 2012:

1. On all taxable income from $0 to $10,000, 4.5 percent.

2. On all taxable income exceeding $10,000 but not exceeding $20,000, 5.95 percent.

3. On all taxable income exceeding $20,000 but not exceeding $150,000, 6.45 percent.

4. On all taxable income exceeding $150,000 but not exceeding $300,000, 6.75 percent.

5. On all taxable income exceeding $300,000, 7.75 percent.

SECTION 11. 71.06 (2) (j) of the statutes is created to read:

71.06 **(2)** (j) For married persons filing separately, for taxable years beginning after December 31, 2012:

1. On all taxable income from $0 to $5,000, 4.5 percent.

2. On all taxable income exceeding $5,000 but not exceeding $10,000, 5.95 percent.

3. On all taxable income exceeding $10,000 but not exceeding $75,000, 6.45 percent.

4. On all taxable income exceeding $75,000 but not exceeding $150,000, 6.75 percent.

5. On all taxable income exceeding $150,000, 7.75 percent.

SECTION 12. 71.06 (2e) (a) of the statutes is amended to read:

71.06 **(2e)** (a) For taxable years beginning after December 31, 1998, and before January 1, 2000, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2) (c) and (d), and for taxable years beginning after December 31, 1999, <u>and before January 1, 2013,</u> the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a) to (c), and (2) (e), (f), (g) 1. to 3., and (h) 1. to 3., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2011, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year. ~~Each amount that is revised under this paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.~~

SECTION 13. 71.06 (2e) (b) of the statutes is amended to read:

71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, and before January 1, 2013, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1p) (d) and (2) (g) 4. and (h) 4., and the dollar amount in the top bracket under subs. (1p) (e) and (2) (g) 5. and (h) 5., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 2008, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2011, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year. ~~Each amount that is revised under this paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.~~

SECTION 14. 71.06 (2e) (c) of the statutes is created to read:

71.06 **(2e)** (c) Each amount that is revised under this subsection shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this subsection and incorporate the changes into the income tax forms and instructions.

SECTION 15. 71.06 (2e) (d) of the statutes is created to read:

71.06 **(2e)** (d) For taxable years beginning after December 31, 201~~3~~2, the dollar amount in each tax bracket under subs. (1q) and (2) (i) and (j), shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August ~~2012~~ 2011, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2015, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year.

SECTION 16. 71.06 (2m) of the statutes is amended to read:

71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), or (2) changes during a taxable year, the taxpayer shall compute the tax for that taxable year by the methods applicable to the federal income tax under section 15 of the ~~internal revenue code~~ Internal Revenue Code.

SECTION 17. 71.06 (2s) (d) of the statutes is amended to read:

71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, with respect to nonresident individuals, including individuals changing their domicile into or from this state, the tax brackets under subs. (1p), (1q), and (2) (g) ~~and~~, (h), (i), and (j) shall be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income and the denominator of which is federal adjusted gross income. In this paragraph, for married persons filing separately "adjusted gross income" means the separate adjusted gross income of each spouse, and for married persons filing jointly "adjusted gross income" means the total adjusted gross income of both spouses. If an individual and that individual's spouse are not both domiciled in this state during the entire taxable year, the tax brackets under subs. (1p), (1q), and (2) (g) ~~and~~, (h), (i), and (j) on a joint return shall be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income.

SECTION 18. 71.125 (1) of the statutes is amended to read:

71.125 **(1)** Except as provided in sub. (2), the tax imposed by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) shall apply to the Wisconsin taxable income of estates or trusts, except nuclear decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

SECTION 19. 71.125 (2) of the statutes is amended to read:

71.125 **(2)** Each electing small business trust, as defined in section 1361 (e) (1) of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q), whichever taxable year is applicable, on its income as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05 (6) to (12), (19) and (20).

SECTION 20. 71.17 (6) of the statutes is amended to read:

71.17 **(6)** FUNERAL TRUSTS. If a qualified funeral trust makes the election under section 685 of the Internal Revenue Code for federal income tax purposes, that election applies for purposes of this chapter and each trust shall compute its own tax and shall apply the rates under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q).

SECTION 21. 71.64 (9) (b) (intro.) of the statutes is amended to read:

71.64 **(9)** (b) (intro.) The department shall from time to time adjust the withholding tables to reflect any changes in income tax rates, any applicable surtax or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) resulting from statutory changes, except as follows:

SECTION 22. 71.67 (5) (a) of the statutes is amended to read:

71.67 **(5)** (a) *Wager winnings.* A person holding a license to sponsor and manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any payment of pari–mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount determined by multiplying the amount of the payment by the highest rate applicable to individuals under s. 71.06 (1) (a) to (c), (1m), (1n) ~~or~~, (1p), or (1q) if the amount of the payment is more than $1,000.

SECTION 23. 71.67 (5m) of the statutes is amended to read:

71.67 **(5m)** WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY PRIZE. A person that purchases an assignment of a lottery prize shall withhold from the amount of any payment made to purchase the assignment the amount that is determined by multiplying the amount of the payment by the highest rate applicable to individuals under s. 71.06 (1) (a) to (c), (1m), (1n) ~~or~~, (1p), or (1q). Subsection (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies to the amount withheld under this subsection.

(END)

D-NOTE

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–0747/P1dn

MES

sac

- date -

Brian Quinn:

There were no dates specified and

* Part of the instructions for reducing the phase out rates for the standard deduction said that the "first phase" for head of household should go from 22.515% to 19.138%, and that the "second phase" should go from 12% to 10.20%. I did not understand what this meant, so the draft has only one change to the phase out rate for that category. Please let me know if any changes need to be made.

In addition to changing the personal exemption from $700 to $1,000, I kept the current law provision that provides an additional $250 exemption for persons who are at least 65 years old. See the current law provision in s. 71.05 (23) (b) 3., and the new provision in created s. 71.05 (23) (be) 3. Is this consistent with your intent?

Marc E. Shovers
Managing Attorney
Phone: (608) 266–0129
E–mail: marc.shovers@legis.wisconsin.gov

INS 2-1
p. 1 of 2

Section #. 71.05 (22) (dp) of the statutes is amended to read:

71.05 **(22)** (dp) *Deduction limits, 2000* ~~and thereafter~~ to 2013. Except as provided in par. (f), for taxable years beginning after December 31, 1999, and before January 1, 2014, the Wisconsin standard deduction is whichever of the following amounts is appropriate. For a single individual who has a Wisconsin adjusted gross income of less than $10,380, the standard deduction is $7,200. For a single individual who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $7,200 12% of Wisconsin adjusted gross income in excess of $10,380 but not less than $0. For a head of household who has a Wisconsin adjusted gross income of less than $10,380, the standard deduction is $9,300. For a head of household who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $9,300 22.515% of Wisconsin adjusted gross income in excess of $10,380, but not less than $0, until the adjusted gross income amount at which the standard deduction is equal to the standard deduction for a single individual at the same adjusted gross income amount. For a head of household who has a Wisconsin adjusted gross income of more than this amount, the standard deduction shall be calculated as if the head of household were a single individual. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of less than $14,570, the standard deduction is $12,970. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of at least $14,570, the standard deduction is the amount obtained by subtracting from $12,970 19.778% of aggregate Wisconsin adjusted gross income in excess of $14,570 but not less than $0. For a married individual filing separately who has a Wisconsin adjusted gross income of less than $6,920, the standard deduction is $6,160. For a married individual filing separately who has a Wisconsin adjusted gross income of at least $6,920, the standard deduction is the amount obtained by subtracting from $6,160 19.778% of Wisconsin adjusted gross income in excess of $6,920 but not less than $0.

INS 2-1
p.2062

The secretary of revenue shall prepare a table under which deductions under this paragraph shall be determined. That table shall be published in the department's instructional booklets.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).

INS 4-22

a.

Section #. 71.05 (22) (f) 4. of the statutes is amended to read:

71.05 **(22)** (f) 4. a. For taxable years beginning after December 31, 1997, in the case of a taxpayer with respect to whom an exemption under sub. (23) (b) 2. or (be) 2. is allowable to another person, the Wisconsin standard deduction shall be the lesser of the amount under subd. 4. b. or one of the amounts calculated under subd. 4. c., whichever amount under subd. 4. c. is greater.

(f)

71.05(22)(f)4. b. The standard deduction that may be claimed by an individual under par. (dm) ~~or~~, (dp), or (da), based on the individual's filing status.

~~c. $500, as adjusted for inflation in the manner prescribed by sections 1 (f) (3) to (6) and 63 (c) (4) of the Internal Revenue Code or the taxpayer's earned income, as defined in section 911 (d) (2) of the Internal Revenue Code, plus $250, as adjusted for inflation in the manner prescribed by sections 1 (f) (3) to (6) and 63 (c) (4) of the Internal Revenue Code.~~

~~d. The department shall incorporate the changes in this subdivision in the income tax forms and instructions.~~

~~**History:** 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).~~

{SEC#; AM 71.05 (22) (f) 4. b.

INS 5-15

Section #. 71.05 (23) (c) of the statutes is amended to read:

71.05 **(23)** (c) With respect to persons who change their domicile into or from this state during the taxable year and nonresident persons, personal exemptions under pars. (a) ~~and~~, (b), and (be) shall be limited to the fraction of the amount so determined that Wisconsin adjusted gross income is of federal adjusted gross income. In this paragraph, for married persons filing separately "adjusted gross income" means the separate adjusted gross income of each spouse and for married persons filing jointly "adjusted gross income" means the total adjusted gross income of both spouses. If a person and that person's spouse are not both domiciled in this state during the entire taxable year, their personal exemptions on a joint return are determined by multiplying the personal exemption that would be available to each of them if they were both domiciled in this state during the entire taxable year by a fraction the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; s. 13.92 (1) (bm) 2., (2) (i).

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–0747/P1dn
MES:sac:jm

December 7, 2012

Brian Quinn:

Part of the instructions for reducing the phase out rates for the standard deduction said that the "first phase" for head of household should go from 22.515% to 19.138%, and that the "second phase" should go from 12% to 10.20%. There were no dates specified and I did not understand what this meant, so the draft has only one change to the phase out rate for that category. Please let me know if any changes need to be made.

In addition to changing the personal exemption from $700 to $1,000, I kept the current law provision that provides an additional $250 exemption for persons who are at least 65 years old. See the current law provision in s. 71.05 (23) (b) 3., and the new provision in created s. 71.05 (23) (be) 3. Is this consistent with your intent?

Marc E. Shovers
Managing Attorney
Phone: (608) 266–0129
E–mail: marc.shovers@legis.wisconsin.gov

Shovers, Marc

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Monday, January 14, 2013 1:30 PM
To: Shovers, Marc
Subject: RE: Income Tax Reductions

Whoops, that should read 5.95% for the second bracket.

From: Quinn, Brian D - DOA
Sent: Monday, January 14, 2013 1:28 PM
To: Shovers, Marc (Marc.Shovers@legis.wisconsin.gov)
Subject: Re: Income Tax Reductions

Marc,

Alright, the final word is pretty simple on this.

1st Bracket – Reduce to 4.5% from 4.6%
2nd Bracket ~~– Reduce to 6.0% fro~~m 6.15%
3rd Bracket – Reduce to 6.38% from 6.5%

This will be effective for Tax Year 2013.

There will be no adjustments to the withholding tables to account for these changes.

Thanks.

Brian Quinn
Executive Policy and Budget Analyst
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